

## Opening Remarks

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House Committee on Financial Services

Hearing, “Sarbanes-Oxley at Four: Protecting Investors and Strengthening the Markets”

September 19, 2006

Good afternoon ladies and gentlemen. I want to thank Chairman Oxley for holding today’s hearing on Sarbanes-Oxley. Indeed, Sarbanes-Oxley is a testament to the distinguished record of our Chairman. His dedication and commitment to restoring faith in our financial markets by protecting investors and strengthening the markets is symbolic of his record in the Congress.

This hearing represents an important milestone. It has been four years since Congress enacted Sarbanes-Oxley in the wake of the largest corporate scandal we had ever witnessed – WorldCom and Enron. The major element in most of the failures of U.S. corporations during this period was related to accounting irregularities and flawed corporate reporting. Sarbanes-Oxley is credited with imposing discipline to the way U.S. businesses are now required to conduct their affairs. Of particular importance is the means by which U. S corporations are now required to disclose financial information and report to the public.

Sarbanes-Oxley is now part of the American business lexicon. In board rooms and corporate suites across the country Sarbanes Oxley has become de rigueur. Sarbanes- Oxley is a part of the curriculum along with business ethics courses in most American business schools. Without Sarbanes-Oxley no one can predict what ruin would have been unleashed on the U.S. economy and global markets. I for one am pleased that it did not reach such proportions

Most important, Sarbanes-Oxley is being embraced by many of our largest corporations. The investment made by corporations that have adopted Sarbanes-Oxley is paying off. In a Harvard Business Review article about Sarbanes-Oxley, the U.S corporations that immediately incorporated Sarbanes-Oxley principles into their business practices have seen a remarkable benefit to their shareholders as well as to their corporate culture. This subset of American business views Sarbanes-Oxley with “gratitude.” Interestingly, the corporations that sat on the fence waiting to follow the lead of others are now playing catch-up.

I predict that in the years to come Sarbanes-Oxley will be worth its weight in more than gold. Sarbanes-Oxley will have almost single handedly rescued American business from self-destruction. Again, I thank the distinguished Chairman of the Committee for his hard work.